

§ 25-3-415. Obligation of indorser.

(a) Subject to subsections (b), (c), (d), and (e) of this section and to G.S. 25-3-419(d), if an instrument is dishonored, an indorser is obliged to pay the amount due on the instrument (i) according to the terms of the instrument at the time it was indorsed, or (ii) if the indorser indorsed an incomplete instrument, according to its terms when completed, to the extent stated in G.S. 25-3-115 and G.S. 25-3-407. The obligation of the indorser is owed to a person entitled to enforce the instrument or to a subsequent indorser who paid the instrument under this section.

(b) If an indorsement states that it is made "without recourse" or otherwise disclaims liability of the indorser, the indorser is not liable under subsection (a) of this section to pay the instrument.

(c) If notice of dishonor of an instrument is required by G.S. 25-3-503 and notice of dishonor complying with that section is not given to an indorser, the liability of the indorser under subsection (a) of this section is discharged.

(d) If a draft is accepted by a bank after an indorsement is made, the liability of the indorser under subsection (a) of this section is discharged.

(e) If an indorser of a check is liable under subsection (a) of this section and the check is not presented for payment, or given to a depository bank for collection, within 30 days after the day the indorsement was made, the liability of the indorser under subsection (a) of this section is discharged. (1899, c. 733, ss. 7, 28, 29, 38, 44, 64, 66 to 68, 70, 89, 118, 129, 143, 144, 150 to 153, 158, 186; Rev., ss. 2157, 2176, 2177, 2187, 2193, 2213, 2215 to 2217, 2219, 2239, 2268, 2279, 2293, 2294, 2300 to 2303, 2308, 2336; C.S., ss. 2988, 3008, 3009, 3019, 3125, 3045, 3047 to 3049, 3051, 3071, 3100, 3111, 3125, 3126, 3132 to 3135, 3140, 3168; 1965, c. 700, s. 1; 1967, c. 562, s. 1; 1995, c. 232, s. 1.)